

The manufacturing machinery and equipment exemption includes machinery and equipment used to inspect, test or measure the tangible personal property to be sold, when that function is an integral part of the production process. See 86 Ill. Adm. Code 130.330. (This is a GIL.)

June 1, 2005

Dear Xxxxx:

This letter is in response to your letter dated January 6, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I have a question regarding sales tax and respectfully request a private letter ruling.

My client is a STATE Corporation which has opened a sales office in the State of Illinois. The Corporation sells an instrument which is used to measure material properties of manufactured products in a product line. Under the laws of the State of STATE, the product qualifies as a research development property as well as quality control equipment used in a product line and is therefore exempt from STATE Sales Tax.

I would like to have a ruling on taxability of the sale of the product as well as the filing requirements within the State of Illinois.

Thanking you in advance for your attention to this matter. Please call if any questions.

DEPARTMENT'S RESPONSE:

The manufacturing machinery and equipment exemption may encompass equipment and machinery that inspect, test or measure the tangible personal property to be sold. The use of machinery or equipment to test or measure the tangible personal property to be sold, when that

function is an integral part of the production process, will generally be considered to qualify for the manufacturing machinery and equipment exemption. For general information regarding the tax liabilities of the equipment referenced in your letter and how to document that exemption, please see 86 Ill. Adm. Code 130.330.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk